



KANSAS CREDIT UNION ASSOCIATION

July 3, 1997

Director, Card Technology Division, Financial Management Service
U.S. Department of the Treasury
Liberty Center, Room 526
401 14th Street, S.W.
Washington, D.C. 20227

Dear Director:

On behalf of the Kansas Credit Union Association (KCUA), I would like to comment on the proposed rule that was published in the Federal Register on May 9, 1997, regarding Electronic Benefits Transfer. Our mission at KCUA is to assist credit unions to meet the needs of their members and potential members in order to further the success of Kansas credit unions. Kansas has 144 credit unions (27 federally chartered and 137 state chartered) with total assets of approximately \$2.3 billion. The credit unions currently serve more than 620,000 members.

KCUA is supportive of the proposal. However, we believe that there are several issues in the proposal that need to be clarified. The issues are as follows:

Financial Agents. How are institutions designated as financial agents? Will institutions have a choice as to whether or not they participate? Will institutions be allowed to charge reasonable fees to cover expenses? If not, will institutions be reimbursed for participation? Will recipients have a choice in selecting their financial agent?

Financial Agents Liability. If a recipient causes a loss to the financial agent, who is responsible for the loss? Will sections of Regulation E be exempt on these accounts (i.e. limitations on amount of liability)?


Field of Membership. How do field of membership limitations affect a credit unions' designation as a financial agent? Will credit unions be allowed to serve recipients who are not in their fields of membership?

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The trade association and financial services provider for credit unions. 

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Corporate Credit Unions. Will corporate credit unions have a role in helping to deliver federal payments to recipients who do not have an account? Will credit unions be allowed to use a correspondent, such as a corporate credit union, to receive payments?

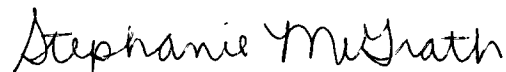
Program Notification. How will recipients be informed of their options for receiving government benefits electronically? Will this be the responsibility of the Treasury or the institution?

KCUA supports credit unions acting as financial agents if they elect to participate in the program. We believe that credit unions should have a choice as to whether they participate and should be allowed to charge reasonable fees to cover expenses. We also believe that recipients should have a choice in selecting their financial agent.

We believe that corporate credit unions should have the option to help deliver federal payments to recipients who do not have an account. In addition, credit unions should be allowed to use a correspondent to receive payments.

Clarification on the listed issues would be advantageous to financial agents so that full compliance can be accomplished by January 1, 1999. KCUA appreciates the opportunity to comment and we look forward to receiving the final rule. If you have questions, feel free to contact me at 8410 West Kellogg, Wichita, Kansas 67209 or at 1-800-362-2076.

Sincerely,



Stephanie McGrath
Director of Compliance

cc: Marla Kniffin, President KCUA
Larry Eisenhaer, President Kansas Corporate Credit Union
Mary Dunn, Regulatory Affairs, CUNA